

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3493-03
Bill No.: SB 1058
Subject: Railroads; Taxation and Revenue - Sales and Use
Type: Original
Date: February 22, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(Unknown)	(Unknown)	(Unknown)
School District Trust	(Unknown)	(Unknown)	(Unknown)
Conservation	(Unknown)	(Unknown)	(Unknown)
Parks and Soil	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds*	(Unknown)	(Unknown)	(Unknown)

*Expected to exceed \$100,000 annually.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** state this legislation exempts ticket sales for railway excursions that travel fewer than fifty miles from their origination. DOR assumes this legislation would not have an administrative impact on its agency.

Officials of the **Department of Economic Development, Division of Motor Carrier & Railroad Safety** assume this bill will not fiscally impact their agency.

Officials from the **Office of Administration - Budget and Planning (BAP)** did not respond to our fiscal note request.

According to the Amtrak Strategic Business Plan, 22.5 million passengers were served in FY 2000 (ending September 30, 2000) earning ticket revenue of \$1.1 billion. For the first quarter in FY 2001, the company served 6 million passengers and received \$298 million in ticket revenue. Amtrak's rate of growth in ticket sales is 10%. Amtrak operates 22,000 miles of passenger rail, serving over 500 communities in 45 states. Amtrak operates 842 miles of track in Missouri. Multiplying the ratio of Missouri miles to national miles (3.83%) by national ticket sales, the estimated annual Missouri ticket sales would be \$42.1 million in FY02. **However, Amtrak Railroad tickets are not subject to sales tax pursuant to Federal law (49 USC Sec. 24301).** The Jefferson City Amtrak Station confirmed that sales tax is not charged on railroad passenger tickets.

In addition to Amtrak, **Oversight** has identified four scenic tourist trains operating in Missouri based on information from the Missouri Division of Tourism. Whether each train would qualify for the exemption in this proposal is unknown. Also, the sales revenue from these trains is unknown. Therefore, Oversight assumes the revenue loss from this sales tax exemption for railway excursion tickets would be a negative unknown (expected to exceed \$100,000 annually) to all affected funds.

This proposal would decrease Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (6 mo.)	FY 2004	FY 2005
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Loss to Other State Funds:

General Revenue Fund	(Unknown)	(Unknown)	(Unknown)
School District Trust Fund	(Unknown)	(Unknown)	(Unknown)
Conservation Sales Tax Fund	(Unknown)	(Unknown)	(Unknown)
Parks and Soil Sales Tax Fund	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

ESTIMATED NET EFFECT ON ALL FUNDS

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (6 mo.)	FY 2004	FY 2005
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<u>Loss to Political Subdivisions</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

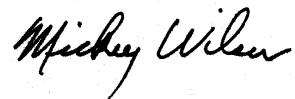
This act provides a sales tax exemption for all ticket sales for railway excursions which go less than fifty miles from their origination, do not exceed one hundred miles in total length, and traverse state lines on standard gauge track as part of the Federal Railroad System of Transportation.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Economic Development
Division of Motor Carrier & Railroad Safety
Amtrak Rail Passenger Service & Amtrak Strategic Plan
Missouri Division of Tourism

NOT RESPONDING: Office of Administration, Budget and Planning

A handwritten signature in black ink, reading "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director
February 22, 2002